

Michigan Affordable Housing Community:

**A Five-Year Action Plan for
Affordable Housing,
Community Development,
and Homelessness**

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Foreword

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“Power consists in one’s capacity to link his will with the purpose of others, to lead by reason and a gift of cooperation.”

- Woodrow Wilson

“Great discoveries and improvements invariably involve the cooperation of many minds.”

- Alexander Graham Bell

“Alone we can do so little; together we can do so much.”

- Helen Keller

“Make no small plans, for it lacks the magic to stir the hearts and soul of man.”

-Winston Churchill

“Great things are not done by impulse, but by a series of small things brought together.”

- Vincent Van Gogh

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Executive Summary

Background

The Michigan State Housing Development Authority (MSHDA) engaged the affordable housing community in a highly participatory planning process to create a statewide five-year action plan for affordable housing, community development, and homelessness. The concept of a “community” plan was introduced at the 2005 Michigan Affordable Housing Conference.

The goal was to develop a five-year plan that would galvanize the affordable housing advocates, funders, practitioners, and recipients into a single community voice. The intended outcome of the planning process is to provide a common vision to better serve the needs of Michigan residents who have the fewest housing options.

MSHDA sought input from its staff, Board, and major partners in identifying strategic issue areas. The major partners included trade groups such as the Michigan Housing Council, Community Economic Development Association of Michigan, and Michigan Community Action Agencies Association and providers such as the Corporation for Supportive Housing, Habitat for Humanity, and the Michigan Interfaith Trust Fund. Through this input, ten strategic issue areas were identified.

Ten work groups were created to discuss current policies and programs, review existing research, and identify the primary challenges facing the affordable housing community in Michigan. Each work group focused on a specific issue area:

- Aging in Place
- Ending Homelessness
- Homeownership
- Land Use
- Multi Family Housing
- Revitalization/Community Development
- Preservation of Federally Assisted Housing
- Public Awareness

- Supportive Housing
- Voucher Strategies

Following further review and discussion of the workgroup recommendations, a set of priorities for action, to be implemented over a five year period, was developed. These recommendations were grouped in five principal categories: Ending Homelessness; Home Ownership; Land Use, Community Development and Neighborhood Revitalization; Rental Housing; and Supportive Housing.

Recommendations

All of the recommendations shown below are intended to address needs in both urban and rural communities.

Ending Homelessness. Efforts in this area will focus on enhancing, streamlining, and otherwise increasing the effectiveness of efforts to alleviate homelessness, such as increasing access to housing, increasing immediate receipt of mainstream services and entitlement benefits, increasing and expanding state and local plans to end homelessness, improving state/local collaboration, and promoting broader local partnerships. A “Campaign to End Homelessness in Michigan” will focus on building public knowledge and awareness of homelessness issues.

Home Ownership. Efforts in this area will focus on opening the door to homeownership to a broader range of people within Michigan, by providing appropriate financial services, housing counseling, and education to assure the success of these new homeowners, increasing public awareness of predatory and sub-prime lending practices, identifying and working with emerging homeowner markets, and increasing minority home ownership.

Community Development, Neighborhood Revitalization and Land Use. Efforts in this area will focus on enhancing the diversity, sustainability, and/or affordability of communities and neighborhoods. Activities will focus on strengthening the Neighborhood Revitalization, Community Development and Municipal network capacity across the state. In addition, smart growth strategies will be promoted, including creating state and local regulatory and land use policies and processes that support affordable housing and community development. An emphasis will be placed on increasing support and awareness of community development in Michigan.

Rental Housing. Efforts in this area will focus on responding to the growing demand for affordable rental housing. There is a need to clearly communicate the policy objectives and public benefits the Michigan affordable focus housing community seeks to achieve through the production and preservation of multifamily housing. Direct lending for multifamily production needs to be increased to 3,500 units per year. In addition, emphasis will be placed on preserving, where feasible, all the state’s privately held and

federally assisted rental portfolio. Michigan must create a coordinated rural housing development strategy. In addition, it is essential to document need and promote awareness for rental housing development and preservation in both urban and rural settings.

Supportive Housing. Efforts in this area will focus on increasing the availability of supportive housing, enhancing the quality of the service delivery system, and promoting greater community awareness. A strong emphasis will be placed on increasing the availability of supportive housing by providing a wide array of housing options that support personal choice and emphasize the importance of allowing people to remain in their own homes. In addition, an inclusive network of advocates, employers, and non-traditional partners will be deployed to increase awareness and public support for supportive housing.

Implementation

The responsibility for implementing this action plan lies with the numerous state and local government agencies and offices, nonprofit organizations, developers, and other community-based organizations—all of which have a unique role in the affordable housing community. Collaboration is critical to our success.

The magnitude of the challenges we face necessitate that we actively pursue additional funding to support efforts to address them. We will engage our legislative leaders in discussions about the need to increase appropriations for affordable housing initiatives, programs, and services across the state. We will also provide them with the information and data necessary to substantiate the critical needs of the people of Michigan. We firmly believe that, when presented with the evidence of the seriousness of the issues around affordable housing, our legislative leaders will support proposals for increases in funding.

Leadership teams will be convened for each of the priority areas for action (i.e., homelessness, homeownership, rental housing, etc.). These teams will play a critical role in overseeing implementation, identifying and overcoming barriers, and monitoring performance measures. The leaders of the priority-area teams will come together on a periodic basis to provide status updates, share pertinent information, and discuss possibilities for cross-team collaboration on issues of shared interest.

The true measure of success is our ability to have a real impact on individuals and communities. We will track both the implementation and impact of our efforts to implement the recommendations listed in the five priority areas found in this action plan.

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Section 1: Introduction and Background of Action Plan Development

Setting the Stage

The Michigan State Housing Development Authority (MSHDA) engaged the affordable housing community in a highly participatory planning process to create a statewide five-year action plan for affordable housing, community development and homelessness. The concept of a “community” plan was introduced at the 2005 Michigan Affordable Housing Conference. The goal was to develop a five-year plan that would galvanize the affordable housing advocates, funders, practitioners and recipients into a single community voice. The intended outcome of the planning process is to provide a common vision to better serve the needs of Michigan residents who have the fewest housing options.

MSHDA sought input from its staff, Board and major partners in identifying strategic issue areas. The major partners included trade groups such as the Community Economic Development Association of Michigan, Michigan Community Action Agencies Association, Michigan Housing Council, and providers such as the Corporation for Supportive Housing, Great Lakes Capital Fund, Habitat for Humanity, Michigan Coalition Against Homelessness and the Michigan Interfaith Trust Fund. Through this input, ten strategic issue areas were identified.

Work Groups

Ten work groups were created to discuss current policies and programs, review existing research, and identify the primary challenges facing the affordable housing community in Michigan. Each work group focused on a specific issue area:

- Aging in Place
- Community Development/Neighborhood Revitalization
- Ending Homelessness
- Homeownership
- Land Use
- Multi Family Housing
- Preservation of Federally Assisted Housing

- Public Awareness
- Supportive Housing
- Voucher Strategies

Work groups had 8-20 members with a mix of approximately one-third MSHDA staff and two-thirds external partner representation. Each workgroup had one internal MSHDA and one external co-chair. In all, the work groups engaged more than 150 people, including representatives from trade groups, practitioners, lenders, Realtors®, builders, developers, nonprofit community development organizations, state, federal and local government experts, and other critical constituent groups. The participants who were involved in the work groups were encouraged to do so because of their extensive knowledge and experience with affordable housing, homeless issues or community development activities.

In addition to providing staff to support the strategic action planning activities, MSHDA contracted customer research that focused specifically on gathering input about multifamily, homeownership, homelessness, neighborhood revitalization and community development needs. Baseline data was sought through interviews, focus groups, and surveys of community stakeholders. Ultimately, the findings of this research were used to inform the discussions among the various work groups who were charged with examining the issues and making recommendations for the five-year action plan.

In July 2005, the workgroup members from Michigan's affordable housing community gathered for a kick-off meeting. The purpose of the meeting was to present the vision, goals, principles and timeline of the work groups, and to give the participants an opportunity to meet in their various groups for the first time. Work sessions were held over an eight-month period, from August 2005 through March 2006.

In December 2005, the work groups delivered their initial recommendations. Public feedback was solicited through five forums held around the state in Grand Rapids, Detroit, Marquette, Traverse City and Bay City. The initial recommendations were also posted for comment on the Michigan Affordable Housing Five-Year Plan Web page. All public comments were given back to the work groups for consideration as they finalize the recommendations.

Further deliberations resulted in a report from each workgroup that included an extensive list of problem areas, goals, and proposed action steps. In late January 2006, the workgroup co-captains met to determine the form and content of the action plan. It was determined that a core group would pare down the final recommendations and set priorities for action in a subsequent review process. These were then organized into the five priority areas presented in this report:

- Ending homelessness
- Homeownership

- Community development, neighborhood revitalization and land use
- Rental housing
- Supportive housing

Together, these priority areas provide a comprehensive framework for addressing the most pressing affordable housing and community development challenges currently facing our state.

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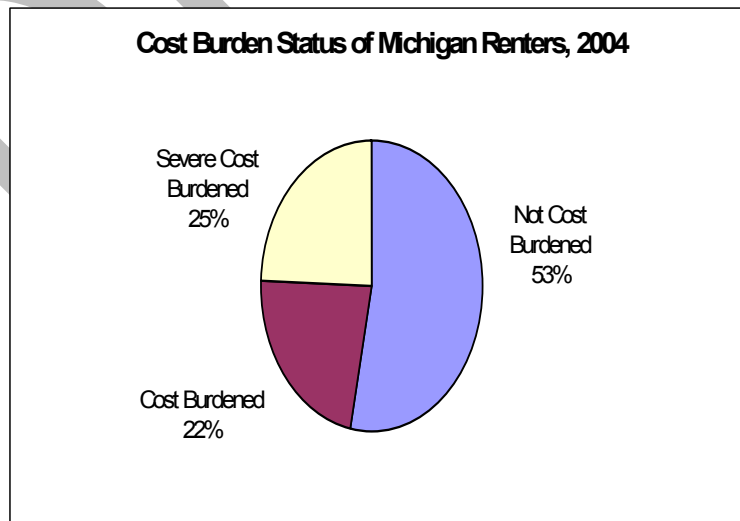
Section 2: Problem Statement

Housing is a primary human need yet many Michigan residents, disproportionately of low and moderate income and minority populations, lack access to safe, decent and affordable housing. This includes not only those persons we recognize as homeless, but also many others statewide, in cities, suburbs and rural areas. The lack of access to affordable housing impacts people's ability to work, learn, socialize, and advance their lives – in short, to live.

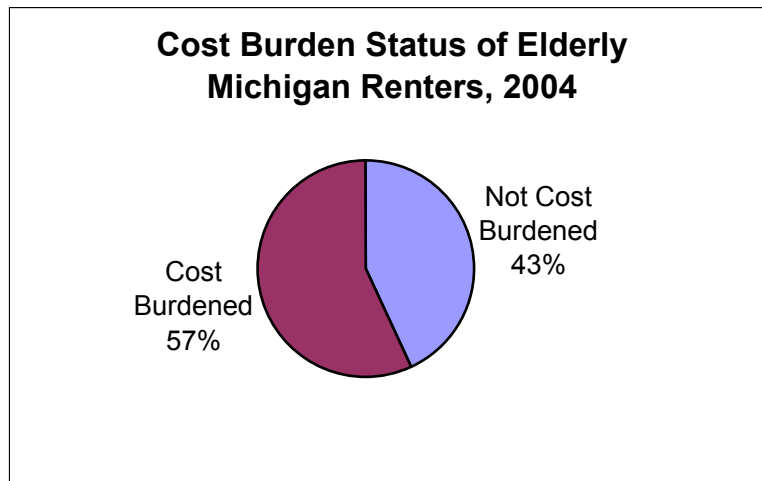
The Michigan affordable housing community seeks to provide access to safe, decent and affordable housing throughout Michigan. Together, the diverse organizations provide programming and assistance to address both the causes and impacts of homelessness, provide needed services to individuals facing desperate housing choices, administer and utilize federal, state and local housing programming, community and economic development programs, and build, manage and maintain housing.

Nearly every community in Michigan, regardless of size, is impacted by these organizations that help to provide needed housing and services to Michigan's low and moderate income citizens. The scope of need is massive:

- Approximately 431,700 renter households (46.9% of all Michigan renter households) pay more than 30% of their income for gross rent, a condition known as “cost burden”; an estimated 226,218 renter households (24.6% of all Michigan renter households) pay more than 50% of their income for gross rent, a condition known as “severe cost burden.”

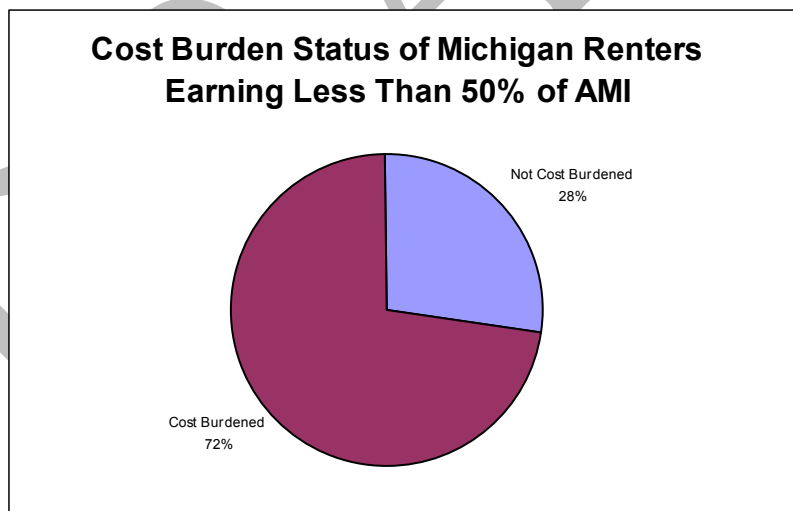


- Among some 120,000 elderly renter households age 65 and older, an estimated 68,384 (56.9%) pay more than 30% of their income for gross rent.



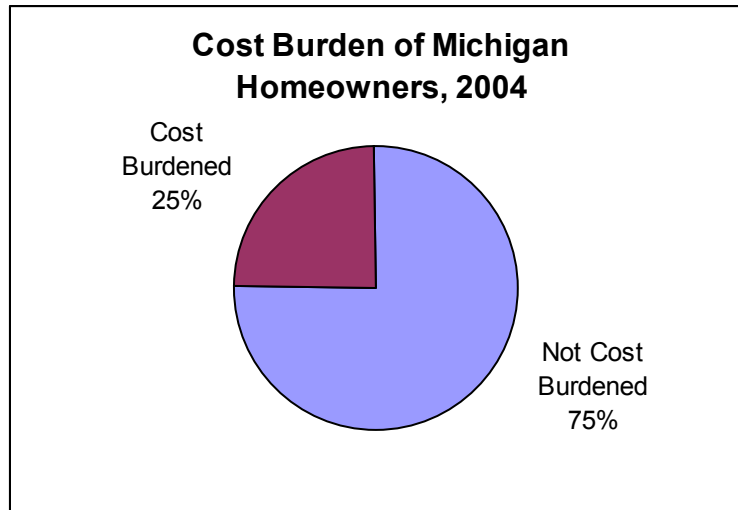
Among the 400,066 renter households that earn less than 50% of the state's median household income of \$44,905, representing 40% of all Michigan renter households, the figures are far grimmer:

- 318,861 renter households earning less than 50% of the state median household income (79.7% of these households) are cost burdened at the 30% level.



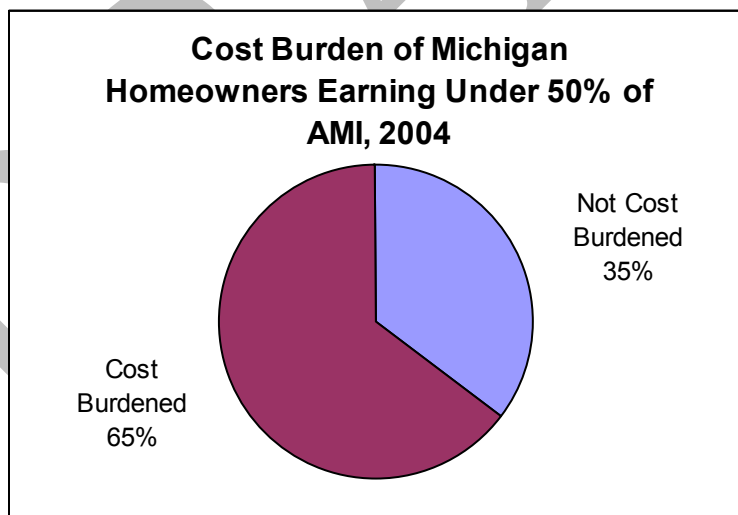
Among the 2,928,862 homeowners in Michigan, the following cost burden statistics are recognized:

- 723,429 of the 2.9 million owner households in Michigan (24.9%) pay more than 30% of their household income for monthly housing costs.



Among the 456,453 owner households earning 50% or less of the statewide median household income, the following cost burden is noted:

- 295,345 of the 456,453 owner households with income less than 50% of the statewide median pay more than 30% of their income for monthly housing costs, representing 64.7% of these households.



All of the above statistics come from the 2004 American Community Survey, conducted by the U.S. Census Bureau. In total, then, an estimated 1,155,129 Michigan households, or 29.4% of all Michigan households pay more than 30% of their income for monthly housing costs – they face a “cost burden.”

Other measures of housing need include overcrowding and inadequate kitchen and plumbing facilities. Historically in Michigan, these elements of housing need are far less

prevalent than households facing housing affordability concerns. Again, according to the 2004 American Community Survey, some 62,401 households in Michigan live in overcrowded housing units (defined as more than one occupant per room), and some 21,492 housing units lack complete kitchen or plumbing facilities.

There is a racial component to these noted issues of housing affordability. In Michigan, the median household income of African-American households is only 61% of Caucasian households. The corresponding percentage of median income for a Hispanic household is 71%. This income disparity clearly impacts the ability to secure safe, decent, sanitary housing. In terms of tenure, nearly 80% of white households are homeowners, while fewer than 49% of black households and 63.5% of Hispanic households are homeowners.

Housing affordability is the primary component of a daily struggle for nearly 30% of all Michigan households. Further, this affordability issue means these more than 1.15 million Michigan households are quite literally one emergency away from losing their housing – from becoming homeless. One medical emergency, one job layoff, one car repair or leaking roof and these households could easily find themselves without a place to live.

According to the most conservative data available, over 35,000 Michigan residents were homeless in 2004 and approximately 7,000 are chronically homeless, defined as being homeless for a full year or longer or having more than four episodes of homelessness in a three-year period. The chronically homeless account for an estimated 75% of resource use allocated to assist the homeless population.

Homelessness is not only a problem for adult males; family homelessness is on the rise. An estimated 2,732 families with children, including 11,984 persons experienced homelessness in Michigan in 2004 (source: 2004 Point-In-Time survey, conducted by Michigan Homeless Providers). The impacts on health, education and well-being of children who are homeless are devastating and far-reaching. Such impacts include increased likelihood of poor health, developmental delays, mental health issues, including anxiety and depression and behavioral problems. Children who are homeless have lower academic achievement, exacerbated by frequent moves and psychological distress (source: National Alliance to End Homelessness). Homeless persons in Michigan have a variety of needs that must be met for them to transition into permanent housing, beyond the need for affordable housing.

Research

Research is critical in order to gain a deeper understanding of the problems of homelessness and other issues that impact the provision of decent and affordable housing. Each of the work groups recommended specific research items that they believed should be conducted to help decision makers understand and address such problems. Some common elements emerged among these recommendations, and certain research projects were identified by nearly all groups. Some of the most frequently identified research recommendations are described below.

- Develop and maintain a real-time inventory of affordable housing units available in Michigan. This database should be designed so that housing units can be located to serve the needs of different client groups, such as the homeless, families with low and moderate incomes, and senior citizens.
- Conduct a statewide housing needs study to understand the current state of the markets for single-family and multi-family affordable housing in Michigan. As part of this, research should be done to identify the size and nature of Michigan's emerging markets.
- Conduct research to allow us to quantify the economic and social equity benefits of redevelopment of mixed-use, high-density residential neighborhoods. Compare these benefits to the benefits of other types of development in order to guide decision-making.
- Conduct research to gain insights into the barriers to obtaining decent, affordable housing. Include in the findings research into the barriers to homeownership for minorities and obstacles to finding permanent solutions for the homelessness.

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Section 3: Collaboration and Public Awareness

Need for Collaboration

Due to the complexity of the issues associated with affordable housing, community development, and homelessness, it is essential that federal, state, and local partners work together to address them.

- To address barriers to homeownership we must deal with an array of issues and regulations governing the lending industry and work together to make homeownership a viable option for the people of Michigan.
- To transform how communities approach community development, neighborhood revitalization, and land use, we must think and act on a regional basis and work together to identify and overcome jurisdictional and regulatory barriers.
- To alleviate homelessness we must find ways to accelerate the movement from shelters to housing and enhance coordination between transitional housing efforts and employment initiatives.
- Greater coordination is also necessary to ensure that Michigan's citizens are able to take full advantage of existing rental housing resources.
- The effectiveness of supportive housing initiatives is highly dependent upon the working relationships that exist among community partners. Without these partnerships, individuals with special needs are at serious risk of being shut out of the housing market. Collaboration among property managers and service providers is essential to successful long-term placement in a supportive housing setting.

By working together, state and local community partners can play a critical role in meeting the needs of those at greatest risk. There are numerous opportunities to work collaboratively. Following are just a few many examples of how we can and must work together to achieve success:

- Public housing agencies, property owners, landlords, and developers must work together to increase access to existing affordable housing in both urban and rural settings.
- The Michigan Departments of Community Health, Human Services and the Michigan State Housing Development Authority (MSHDA) must work together to accelerate the movement from homeless shelters to permanent housing.

- Partnerships must be created with financial institutions to finance housing counseling and financial management education.
- All of the state agency groups that are currently working on land use issues must join together to create a unified agenda for action.
- We must pursue additional partners, including non-traditional resources such as banks, Downtown Development Authorities (DDAs), and others, and work together to increase the pool of national resources for community development.

Through collaboration, we can leverage our combined expertise and resources to improve the service quality and coordination, and increase access to services, promote greater public understanding and support for community-based initiatives, alleviate the barriers to homeownership, and create stronger, more diverse communities.

Public Awareness

In order to build public support for policies aimed at addressing affordable housing, community development, and homeless needs, it is essential to increase the public's awareness and understanding of the scope of the problems and the urgency to act:

There are numerous opportunities to communicate with community stakeholders in a manner that will increase public understanding of both the issues and opportunities associated with providing affordable housing and community development. Examples of some of the specific steps necessary to build awareness and understanding include:

- Developing a comprehensive marketing and communications plan.
- Developing a series of “key messages” and public education materials that focus on affordable housing, community development, and homeless; link to the general public.
- Establishing effective communication tools to link the affordable housing community with policy makers.
- Conducting public hearings and forums to explain the need for affordable housing and community development and seek input.
- Identify legislative and media champions.
- Targeting outreach to potential minority homeowners by offering educational opportunities in unconventional settings (e.g., faith-based organizations, churches, community organizations etc.).

- Clearly communicating to the public the policy objectives and public benefits the Michigan Affordable Housing Community seeks to achieve.
- Creating a traveling speakers' bureau to educate the general public.
- Developing a media guide.
- Using networks of advocates to build community support.

By launching a focused, comprehensive public awareness campaign, we will build a solid foundation of support for the policies and programs that address the most pressing issues associated with affordable housing, community development, and homelessness.

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Section 4: Priorities for Action

Our work has led to the creation of a comprehensive framework for addressing the most pressing affordable housing and community development challenges currently facing our state. This section describes those priority action areas. It is organized into five major groupings. Each grouping reflects the interests of different segments of the affordable housing community and is applicable to both urban and rural settings. This approach allows us to see how our work fits within the broader scope of work that is being undertaken across the state to ensure that affordable housing is available for all of Michigan's citizens. Current funding levels are not sufficient to follow through on all the priority areas. The community will need to work together to secure additional resources to accomplish the goals within these priority areas. Alongside these groupings is a need for collaboration and public awareness, as identified in Sections 3, to support the work identified in the five major subsections.

Each subsection begins with a summary of the context and current status of efforts to address the needs. This is followed by a vision for how our efforts can have a measurable impact. Each subsection concludes with a list of specific recommendations for action.

A. Ending Homelessness

Context

Over the past few years, state and local public and private agencies have participated in demonstration projects piloting innovative programs to address the housing and service needs of Michigan's poorest citizens; homeless individuals and families. Although resources have been committed to create deeply subsidized housing, much more is needed. Data that has been collected indicates there are over 35,000 homeless individuals and families on any given night in Michigan. In Detroit alone, there are more than 11,000 homeless people each night, 6,000 who sleep on the streets. Individuals and families who experience homelessness often have disabling conditions such as mental illness, developmental and physical disabilities, or substance addictions; others may have experienced domestic violence; or have transitioned out of foster care, group homes or congregate settings. The one common element is extreme poverty.

A separate and compelling statistic is that approximately 7,000 men and women across the State of Michigan are chronically homeless. (A person who is chronically homeless has either lived in a shelter or on the street for a minimum of the last 365 days, or has lived in shelters at least four times in the last three years.) This population, which comprises 15-20% of the homeless population, uses 75% of the resources committed to homelessness. They typically have mental health problems, which often are exacerbated by substance abuse problems. These are folks we have abandoned.

Although there is no official policy released at either the state or federal level, we seem to have accepted homelessness as an intractable condition of our society and, as an acceptable alternative for the poorest members of our society here in Michigan. Choices are made both through action and inaction. Homelessness can be eliminated. This is not theory, but fact supported by examples, which exist around the country.

The solution to ending homelessness is not rocket science; neither is it easy. Had it been a simple solution, it would have ended long ago. The basic elements of ending homelessness are providing the poorest members of society with the housing, services, and income supports they need. In order to accomplish this we will need to transform Michigan's system of care.

Vision

In 2006, we begin the Campaign to End Homelessness in Michigan. We believe housing should be a right, and the elimination of homelessness is an achievable goal; no man, woman or child should be forced to sleep on the streets, in the woods, or on a cot in a shelter, on any night, in any town or city in Michigan.

Together, we will end homelessness by providing the poorest members of our society with the housing, services, and income supports they need in a timeframe they deserve. To achieve our vision, we commit to articulate, embrace, and implement local "plans to end homelessness" across our entire state. Our Campaign must, and will, span all interested constituent groups: shelters, housing providers, service providers, state and local agencies, foundations, businesses, and private citizens. We understand that no one party is more important than the other; an enduring commitment by all is a precondition of achieving our vision. And our effort must secure and maintain extraordinary commitments at the local, regional and state levels.

We will use the best data, provide the best technical assistance and trainings, and continually search across the country for the best evidence-based practices to bring to Michigan. We will regularly measure our progress, and continuously make those changes to improve our systems of care, which lead to the elimination of homelessness.

In the end, we will realize our vision of ending homelessness in Michigan because the collective capacity of our compassion is greater than the depth of this challenge.

Recommendations

- 1. Embrace a common vision with a structure to implement this vision throughout Michigan.**
 - Achieve a commitment to the Campaign to End Homelessness in Michigan at local, regional and state levels.
 - Create local 10-year plans to end homelessness covering entire state, created by local stakeholders with support from state agencies.

- Ensure the State Plan to End Homelessness complements and supports local plans.
- Build strong local partnerships including Community Collaboratives, Continuums of Care, emergency shelters, state agency representatives, municipal officials and agencies, nonprofit housing and service providers, foundations, businesses, and citizens.
- Formalize a single, coordinated planning and implementing structure spanning local, regional and state systems of care.
- Conduct Project Connect across entire state.
- Select leaders and champions at all levels, across all constituent groups.
- 2. Continuously provide training, education and capacity enhancement throughout the homeless system of care.**
- Develop homeless Website as an ongoing resource, communication tool, and repository of best practices.
- Provide regular trainings for BRIDGES, HMIS, SSI Outreach, Interagency Service Teams, Housing Resources, Housing Locator System, Medicaid eligible services, etc.
- Conduct biennial trainings for all Department of Human Services case managers, and mental health workers.
- Develop protocols for intake and assessment of homeless persons at shelters, that will expedite access to housing, services and income supports.
- 3. Increase immediate access to housing.**
- Expand the “Housing First” model across the state – linked directly to shelters.
- Improve access to existing housing via the Housing Locator Systems.
- Increase rent subsidies (TBRA) for homeless persons.
- Create statewide homeless preference for vouchers.
- Engage Public Housing Commissions and private landlords associations.
- Increase housing production in all localities for homeless and households at or below 15% AMI.

- Effect statewide coverage of Housing Resource Specialists.
- 4. **Increase immediate receipt of mainstream services and entitlement benefits, e.g., SSI, Medicaid, VA benefits.**
 - Institute BRIDGES, a Web-based benefits eligibility tool, in all shelters and McKinney sites, in 2007.
 - Expand outreach to severely mentally ill with assertive community treatment.
 - Expand outreach through Interagency Teams linked to every shelter in Michigan.
- 5. **Continuously monitor our progress and improve our system of care.**
 - Create performance measures for all constituents, including state agencies, shelters, communities, etc.
 - Implement SHADOW and publish findings on performance of systems of care.
 - Publish progress vs. plans annually.
 - Recommend legislative, regulatory, and budgetary changes annually.

B. Homeownership

Context

The aspiration of homeownership is, with few exceptions, widely thought to be as American as apple pie. Homeownership strengthens communities and builds wealth. Economically, homeownership represents the typical American family's largest asset—an asset that many families leverage to provide opportunities such as higher education and business creation. Socially, numerous studies associate homeownership with stable neighborhoods, better academic performance by school children, more civic involvement by residents, and a host of other positive outcomes.

Activity within the housing sector, driven in large part by increased innovation within the mortgage finance industry and supported by historically low long-term interest rates, is largely acknowledged to have helped the nation weather its macro-economic struggles over the past several years.

Measured by such standards, Michigan's homeownership rate of 75% is impressive when compared to the national rate of 67%. However, hidden within such statements are several challenges for both the nation as a whole and Michigan in particular.

The rebound in the nation's economy has not stemmed Michigan's struggles as manufacturing jobs losses disproportionately hit the state, and ongoing restructuring in the automotive industry suggest that in the near term the state will continue to struggle. These trends can only continue to lead to higher rates of mortgage delinquencies and foreclosures.

Also buried just beneath the surface is the fact that homeownership rates for minorities lag far behind white households and that these differences cannot be explained by other factors such as income, age, or family type. While various statistical snapshots vary, white non-Hispanic households are 50% more likely to own their own home than nearly any other ethnic or racial group in America. Given demographic trends, the homeownership gap is not only a moral disgrace but also an economic threat. Rates of household growth among African Americans, Hispanics, and most other racial and ethnic groups will continue to outpace non-Hispanic whites, and other demographic trends suggest continued growth of elderly, female-headed, and single adult households.

The innovation that has helped fuel the housing market and recent gains in minority and low-income homeownership is accompanied by dramatic growth of sub-prime and predatory lending products. Perhaps not surprisingly, the population segments that represent the greatest share of household growth are also those most susceptible to falling prey to predatory lending practices. The increased complexity and risk that accompanies home finance decisions requires that all consumers be provided with objective, responsible information that allows them to navigate today's lending environment. Otherwise recent gains in homeownership for minority and low-income households will be jeopardized, especially considering the impact Michigan's ongoing economic restructuring.

Vision

Although Michigan has one of the highest homeownership rates in the country, this American dream continues to remain beyond the reach of many citizens who rightfully should be able to attain this goal. The problem is particularly acute among poor working families, minorities, immigrants, and persons with special needs. Our vision includes the expansion of homeownership opportunities, in both rural and urban markets, to all segments of our population.

We will achieve our vision by increasing financial literacy among low and moderate income households, institutionalizing a statewide partnership to expand the asset building success shared by Michigan's community development corporations, and lending institutions through their support of Individual Development Accounts, by increasing access to MSHDA's First Time Homebuyer loans, by creating an initiative to combat predatory lending, and by continuing to invest in Michigan's most successful financial models for affordable homeownership, such as the community land trusts, MSHDA's Key to Own, ICCF's Home Ownership Preparation and Education Program (HOPE), and Habitat for Humanity.

Recommendations

- 1. Provide appropriate financial services, housing counseling, and education to assure the success of these new homeowners.**
 - Train Michigan network counselors in the entire range of services provided to customers to ensure successful homeownership.
 - Establish a core network of Opportunity Centers across the state that provides a full range of financial services and education to low and moderate-income households.
 - Provide opportunities for asset building, such as expanded opportunities under the Individual Development Accounts (IDAs) program.
- 2. Increase Homeownership in Michigan's Emerging Markets by closing the Homeownership gap between non-Hispanic whites and Emerging Markets by 8 percentage points over the next 5 years.**
 - Establish a Multicultural Emerging Markets Advisory Board.
 - Support initiatives to increase minority home ownership (e.g., "With Ownership Wealth" [WOW] and FNMA's Minority Homeownership initiative).
 - Conduct outreach through non-traditional settings to reach emerging markets (e.g., community and faith-based organizations).
- 3. Increase public awareness of predatory and sub-prime lending.**
 - Increase public education through media and counseling.
 - Develop school curriculum for early education on financial well-being, (e.g., middle and high school courses in financial management).
 - Develop products to effectively compete with predatory lenders or that allow borrowers to refinance into a more suitable lending product
- 4. Expand low and moderate-income homeownership by increasing MSHDA production to \$300 million annually within five years.**
 - Achieve a higher percentage of Michigan's tax-exempt bond cap prioritize to homeownership.
 - Review MSHDA compensation practices to lenders and lender compensation to originators to maximize incentives for loan production.

- Make a pledge for MSHDA to reimburse recapture tax resulting from participation in MSHDA's Single Family Loan Program.
- Explore creation of a MSHDA-operated private insurance company to provide mortgage insurance for all conventional MSHDA products.
- Explore possible mutually acceptable funding mechanisms for recycling money through innovative products, such as Habitat Notes.

C. Community Development, Neighborhood Revitalization and Land Use

Context

Like many other Midwestern industrial states, Michigan's current landscape evolved through a confluence of post-war social, political, and economic trends. Michigan cannot afford to continue the outward growth of its suburban development into ever more far-flung green field sites while our urban centers and first-ring suburbs decay due to aging infrastructure and ongoing shifts of population to more "desirable" locales. Not only are the financial costs unsustainable, but the social and political impacts of concentrating poverty are unacceptable. Redefining the future of Michigan's landscape is, in short, both an economic and moral imperative.

While we can and must support urban residents in their efforts to improve the housing stock and the quality of life in their neighborhoods, ultimately we cannot "subsidize" these neighborhoods into this sustainability. But we can serve the public interest by recreating vibrant urban environments, creating jobs and providing the housing, services, and amenities that encourage people to live, and businesses to locate in Michigan's cities.

Targeting our efforts—through efforts such as Cool Cities and Cities of Promise initiatives—around existing institutional anchors such as hospitals and universities will maximize the impact of public investments. Signs of success in these efforts will be increased property values, rates of homeownership, commercial activity, and population as well as reduced blight. Since this trend increases the pressure on affordability, careful attention will need to be paid to its impact on the availability of affordable housing in revitalizing areas.

But by attracting investment capital to previously developed areas, we will reduce the outward pressure on the green space surrounding our cities. By promoting more compact development patterns, pressures for expressways that are expensive both to build and to use will be reduced. By maintaining a balance between jobs and affordable housing, we can reduce transportation problems and enhance the walkability of our communities, thereby promoting equity and easing the burden on low-income residents.

In order to address the complementary issues of neighborhood revitalization and land use, it is often essential to take a cross-municipal and often cross-county approach. By increasing the distribution of affordable housing, revitalizing distressed neighborhoods, and including diverse housing options within regional planning and economic development efforts, we can provide a higher quality of life to all Michigan residents.

Vision

To revitalize our communities and promote sensible land use, we must:

- Make communities attractive for a diverse range of people by creating jobs, providing services, amenities, and rebuilding the “sense of place” that only our cities can provide for the new urban economy.
- Empower low-income urban residents with few choices by supporting their efforts to rebuild their communities, remove blight, update the neighborhood housing stock, improve their neighborhood schools, reduce crime, and create safe, attractive and affordable places to raise their children.
- Implement existing regional interagency and locally driven development strategies, promoting investment at the core of regional centers of commerce while creating high-quality housing opportunities for all incomes throughout the region.

Recommendations

1. **Strengthen the Neighborhood Revitalization, Downtown and Community Development, and Municipal network capacity in Michigan.**
 - Building relationships between Downtown Development Authorities (DDAs), Economic Development Corporations (EDCs), community development organizations, and municipalities.
 - Support community organizing by identifying funding sources for which organizing is an eligible activity.
 - Ensuring local downtown and community development projects are linked to local plans and adequately supported by municipalities
 - Supporting and expanding the Redevelopment Readiness pilot, including the process of certifying communities that demonstrate capacity to facilitate redevelopment through comprehensive planning, efficient land assembly and site clean-up and preparation activities, expedited permitting, etc.
 - Create a partnership between MSHDA and the Michigan Municipal League to provide certification for community development departments in communities across Michigan.

- 2. Increase resources to support downtown and community development in Michigan.**
 - Developing a toolbox for housing and downtown and community development resources.
 - Increasing Michigan's share of Federal Home Loan Bank funding.
 - Pursuing additional partners, including non-traditional resources such as banks, DDAs, and others, and work together to increase pool of national resources for downtown and community development.
 - Maximizing integration of a range of downtown and community development incentives such as Brownfield Redevelopment, Neighborhood Enterprise Zones, Corridor Improvement Districts, Obsolete Property Rehabilitation Act, Cool Cities, Community Development Block Grant, Michigan Main Street and Blueprints for Michigan Downtowns and Neighborhoods.
- 3. Prioritize projects that enhance the diversity, sustainability, and/or affordability of communities and neighborhoods.**
 - Identifying incentives that can be used to promote market-rate investment in "tipping point" urban neighborhoods such as Neighborhood Enterprise Zones, Brownfield Tax Credits, Historic Preservation Tax Credits, etc.
 - Aligning state and local public and private resources with local redevelopment strategies.
 - Identifying resources to support employer assisted housing without income restrictions from local municipalities and the private sector.
 - Strengthening equal housing opportunities through such strategies as requiring "fair-share" inclusion of affordable housing units in every development.
 - Developing tools to promote mixed-income housing development.
- 4. Create state and local regulatory and land use policies and processes that support affordable housing and downtown and community development.**
 - Developing incentives for local governments to remove regulatory barriers to affordable housing.
 - Setting measurable goals for affordable housing with local governments.
 - Promoting mixed-use higher density development and zoning in communities, especially targeted to their downtowns and traditional commercial centers.

- Providing incentives to promote walkable communities, higher-density redevelopment, reuse of existing infrastructure and other smart growth principals.
- Promoting rehabilitation of housing that is consistent with local community development plans and is financially feasible.

D. Rental Housing

Context

Michigan, like the rest of the nation, has an affordable housing gap. There is not enough safe, decent and affordable housing for its lowest income households. Families with very low incomes, seniors unable to live unassisted, and workers in high cost areas are forced to pay a high percentages of their income or live in housing not suitable to their needs. Even as the Low Income Housing Tax Credit program and incremental funding for housing vouchers have added to the affordable stock, over half of the subsidized units in the state have expired or are scheduled to expire in the next few years.

Due to the elimination of federally funded, project-based new construction programs in the early 1980s, and the funding for the companion rural program in the 1990s, the housing stock reserved for the poorest members of our society has not been produced. As a result, the housing stock available for people at or below federal poverty level is limited to roughly 100,000 apartments in Michigan that were funded through these defunct federal programs. Since these units were constructed twenty to thirty years ago, the buildings are often in fair to poor condition. Furthermore, in areas where there is a strong housing market, these projects may convert to market-rate rentals or condominiums, thereby displacing tenants and removing the stock from the affordable housing inventory. No additional federal resources are available to address this growing problem. As a result, Michigan is forced to use existing state resources for preservation of federally assisted housing, thereby reducing resources to provide for the production of new affordable housing.

Across the country, states recognize that we will experience a significant increase in demand for elderly housing as the baby boomer generation ages and life expectancy increases. National studies project that the number of persons over the age of 65 will increase by over half by 2020 and double by 2050. The rate of increase in the number of persons over age 75 is projected to be even greater. Michigan will follow these trends. As our population ages, we are also witnessing a change in the consumer preferences of this population. Our pattern of moving our poorest elderly citizens, those with the highest levels of acuity, into nursing homes is a model of the past. Increasing numbers of seniors want to live in their own homes or in complexes that allow them to move freely. Others want to move from independent housing to housing with light levels of services, and finally to facilities that can take care of all of their service needs as they age.

Vision

We are committed to increasing the capacity of our state to address demand for affordable rental housing for those with low incomes.

- The Michigan affordable housing community will 1) increase the number of affordable rental projects and units financed each year and increase units dedicated to extremely low-income tenants (30% AMI); 2) create more public benefit through the financing structure of these projects; 3) effectively communicate our policy objectives; 4) MSHDA will revise our processes and operating systems to empower staff while measuring performance in the area of customer satisfaction.
- Our principal objective in the area of preservation will be to 1) evaluate the complete state inventory and prioritize those projects most at risk, 2) create efficiencies in financing models to preserve the maximum number of these projects, and 3) design programs or initiatives which incorporate features to provide the maximum public benefit to the residents.
- We will pursue three major objectives to address the needs of our aging population. First, refinancing or subsequent financing of existing affordable housing stock; second, adding services to existing portfolio projects; third, creation of new elderly housing, including housing which allows for aging in place.

Recommendations

1. **Clearly communicate the policy objectives and corresponding public benefits the Michigan affordable housing community seeks to achieve through the production and preservation of multifamily housing.**

The following is an indication of the variety and type of housing objectives to be achieved:

- Workforce housing provided in high cost areas.
- Family housing serving a proportion of very low-income households.
- Mixed-use housing supporting downtowns and suburban areas.
- Continuing Care Retirement Communities (CCRCs).
- Rural housing production and preservation.
- Preservation or creation of Marquis Projects.
- Housing addressing Native American needs.

- Integrated supportive housing units.

Development in walkable neighborhoods and which is mass transit-oriented, as well as other Green Communities criteria will be encouraged to the extent possible.

Partner input into the means of accomplishing these objectives will be sought, including:

- Work with HUD, local Public Housing Authority's (PHAs), the Michigan Housing Council, and applicable owner/manager groups to link underserved populations (particularly the developmentally disabled and the homeless) to vacant apartments and to appropriate services.
- Work with the Area Agencies on Aging, the owner/managers, and the Department of Human Services to inventory appropriate projects that need service coordinators or service providers to assist elderly residents with staying in place.

2. Increase direct lending multifamily production to 3,500 units per year within the next five years.

- Offer one-stop financing for Continuing Care Retirement Community (CCRCs).
- Increase resources to fund more 4% tax credit deals and assuring efficient use of these resources, including HOME and bond cap.
- Develop a new, streamlined, transparent underwriting process to expedite loan processing, commitment, and closings.
- Increase the capacity of MSHDA underwriting staff through hiring and ongoing training in order to provide better service to the industry.

3. Preserve, where feasible, all of the state's privately held and federally assisted rental portfolio.

- Continue a collaborative preservation partnership between MSHDA, HUD and Rural Development.
- Create an interagency database of preservation programs.
- Create an interagency inventory of federally assisted properties.
- Prioritize projects most at risk, creating efficiencies in financing models to preserve the maximum number of these projects, and designing programs or initiatives, which incorporate features to provide the maximum public benefit to the residents.

- Develop a marketing strategy and preservation options to address HUD 202 preservation-eligible projects, including the property tax exemption issues.
- 4. **Create a coordinated rural housing development strategy.**
 - Evaluate financing and underwriting models and promoting best practices.
 - Develop criteria for rural projects and eliminating criteria that preclude rural development.
 - Provide technical assistance specific to rural housing.
- 5. **Document need and promote awareness for rental housing development and preservation in both urban and rural settings.**

This includes:

- Develop a statewide housing study that details levels of market demand to provide better direction to our partners.
- Investigate the adequacy of current market-analysis methodology for mixed-income housing and considering alternatives.
- Create an interagency inventory of all federally assisted projects.
- Educate the public on the scale of the expected increase in the aging population and the corresponding anticipated increase in demand for affordable housing in Michigan.

E. Supportive Housing

Context

Supportive housing is a successful, cost effective combination of affordable housing and access to a wide array of supportive services for its residents in order to help them lead a more stable, meaningful life. Individuals and families may need supportive housing for a variety of reasons including, but not limited to: those that require additional support due to chronic health conditions such as mental illness, developmental disabilities, HIV/AIDS, physical and sensory disabilities, substance use issues; homelessness; and those that experience substantial barriers to maintaining housing stability due to domestic violence, trauma, youth transitioning out of foster care, nursing homes and group homes, and people exiting prison or jail who have a history of mental illness.

Supportive housing requires a significant level of subsidy to assure the affordability for people whose income is generally below 30% AMI. The challenge is to obtain the

needed housing resources to assure that the units are deeply subsidized. Multiple funding sources are needed and the availability and timing of these sources cause supportive housing to be one of the most complex affordable housing projects to develop. To further complicate the issue, supportive housing is often developed by fairly inexperienced nonprofit organizations whose primary mission is service provision. Significant technical assistance is required to build the capacity of these organizations and assure the creation of quality projects.

Access to supportive services is vital in assuring that tenants of supportive housing “remain housed”. Supportive services must be flexible and available to people as desired and needed. The importance of the relationship between the housing developer and service provider cannot be understated. Creating effective partnerships between housing developers and service providers is often difficult due to funding cycles and need for long-term commitments. (Whereas funders of affordable housing require multi-year commitments, service providers receive their budgets on an annual basis.) This disconnect, between housing and service funding, creates an on-going conflict and concern that the needed services for tenants will not be available over the long-term. The challenge has been to create relationships that transcend the reality of funding rounds, and provide housing funders and investors with the assurance that services will be reliable.

To successfully house Michigan’s poorest citizens we will need to not only commit needed rental assistance and other housing resources, but assure that quality partnerships are developed between local service agencies and for-profit entities that own and manage the majority of existing rental housing available in the State.

Vision

Supportive housing will be developed in all regions of the State through the creation of partnerships between for-profit and nonprofit housing developers, property management companies, and service agencies. The strategy and funding sources will vary depending upon the availability of quality housing stock in a community or in the need to create new units, where none are available. Rental subsidies will be employed to assure affordability for tenants whose incomes will not bare market rents, while other housing resources will be used to finance units that will be newly created. Service agencies and funders will collaborate within local communities to assure that all tenants of supportive housing have access to the supports they need to remain stably housed, assuring that services remain flexible and available to tenants as needed and desired.

Research is essential to aid our understanding of the costs and benefits of supportive housing. We will collaborate at the state and local level to collect needed data that will allow us to evaluate existing models and strategies and as a result identify those that have proven most successful. Through this effort information on “best practice”, lessons learned, barriers overcome, and specific tools to create successful models of supportive housing will be disseminated statewide.

There are many populations in Michigan with unmet housing needs: victims of domestic violence, consumers of mental health services, persons with developmental disabilities, youth in transition from foster care, the chronically homeless, persons with traumatic brain injuries, to name a few. There is overlap between these populations and the people who spend time in our emergency shelters, individuals and families who are homeless; it is therefore logical to have our supportive housing initiatives structurally linked to our campaign to end homelessness.

Recommendations

- 1. Increase the availability of supportive housing by providing a wide array of housing options that support personal choice.**
 - Identify opportunities and incentives to encourage housing developers to partner with service organizations to create scattered site supportive housing units within multi-family projects.
 - Develop a plan, in collaboration with existing property management companies that will address the need to house people who are homeless or have special needs within existing available housing units.
 - Identify potential federal, state and local funding streams that can be used to finance supportive housing developments.
 - Implement a system to identify and remove barriers to the development of supportive housing including, capital, operating and service funding.
 - Develop a Supportive Housing Institute for developers, service providers, and advocates. The Institute should offer various levels of training and programs on housing development, housing access, services and collaboration.
 - Create a statewide Housing Locator System.
- 2. Assure that services are available and accessible to persons living in supportive housing, including services that allow people to remain in their own homes.**
 - Create a Supportive Housing Services Workgroup to address the issues of access to services and service funding with a focus on flexibility and integration between sources.
 - Create a “work plan” that identifies current funding restrictions, overlaps and gaps in service delivery, and makes recommendations that lead to the creation of flexible and integrated service coordination.
 - Identify dedicated streams of funding to support service delivery to tenants that is easily accessible and responsive, 24 hours a day.

- Identify opportunities for partnerships among service providers and create memorandums of understanding and other agreements that formalize the relationship and allow for services that best meet the needs of tenants.
 - Create a process that will provide on-going assessment, evaluation and monitoring of services to tenants.
 - To prevent an increase in costs to public systems, “eviction prevention” services must be readily available to tenants to assure the on-going quality of life.
 - Develop a resource manual that includes information on the funding, service coordination and delivery of successful supportive housing models.
 - Provide training on accessing housing resources and provision of eviction prevention services to case managers of the mental health and human service systems.
 - Develop strategies to assure community service agencies that provide supportive housing services are represented in 2-1-1.
- 3. Increase communication and build public support on the benefits of supportive housing through the deployment of an inclusive network of advocates, members of the business community, and non-traditional partners.**
- Identify opportunities for collaboration among advocacy, service and housing organizations.
 - Create an infrastructure at the State level that can provide needed materials, training and support to local leaders and advocates.
 - Provide data/information to developers and service agencies that can be used to address critical issues raised by neighborhood organizations, planning commissioners, council members and local governmental agencies when determining the location of supportive housing.
 - Build strong alliances with key community stakeholders and advocacy organizations to create support for needed zoning and tax abatement of supportive housing developments.

Section 5: Implementation

The purpose of this document is primarily to present an agenda for action over the coming five years. The responsibility for implementing this action plan lies with the numerous state and local government agencies and offices, nonprofit organizations, developers, and other community-based organizations—all of which have a unique role in the affordable housing community.

Leaders can be found at virtually all levels of organizations. The key is to harness their energy in a manner that is appropriate to the task at hand. This means that all of us must accept the challenge of embracing the priorities set forth in this action plan and assign organizational resources to support its implementation.

Clearly, the nature of the implementation challenge, coupled with the types of decisions that will be necessary for implementation, should dictate who is assigned a leadership role. It is important that all of the partners that should be involved in implementation are actively engaged in the planning process.

The magnitude of the challenges we face necessitate that we actively pursue additional funding to support efforts to address them. We will engage our legislative leaders in discussions about the need to increase appropriations for affordable housing initiatives, programs, and services across the state. We will also provide them with the information and data necessary to substantiate the critical needs of the people of Michigan.

Collaboration is critical to our success. This must also be a recurring theme throughout the implementation process. A wide range of community stakeholders were involved in the creation of this plan; close to 200 partners actively participated. We must continue this broad based collaboration during the implementation. We must embrace the diversity of our affordable housing community and marshal our combined resources to increase the effectiveness of our efforts.

Leadership teams will be convened for each of the priority areas for action (i.e., homelessness, homeownership, rental housing, etc.). There will be broad representation of appropriate constituents within each priority area team. These teams will play a critical role in overseeing implementation, identifying and overcoming barriers, and monitoring performance measures. Regular meetings of these teams will be used to maintain focus on our shared goals and facilitate ongoing dialogue about emerging needs and challenges.

The leaders of the priority-area teams will come together on a periodic basis to provide status updates, share pertinent information, and discuss possibilities for cross-team collaboration on issues of shared interest. A status update will be given at the Annual Affordable Housing Conference.

The time to act is now. In theory, our collective efforts would begin following formal approval/acceptance of this strategic action plan by the agencies and organization that comprise the affordable housing community. However, in practice, many partners are already involved in these efforts. The immediate challenge is to review this plan in consideration of how it aligns with the current and future work of each partner. Each of the priority-area teams will be responsible for developing an implementation plan and timeline and for monitoring the status of the implementation process.

Group Letter of Support

DRAFT